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C O N F I D E N T I A L SECTION 01 OF 04 HARARE 000987

SIPDIS

AF/S FOR B. WALCH
DRL FOR N. WILETT
ADDIS ABABA FOR USAU
NSC FOR M. GAVIN
STATE PASS TO USAID FOR J. HARMON AND L. DOBBINS

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TAGS: [PREL](#) [PGOV](#) [EFIN](#) [ASEC](#) [ZI](#)
SUBJECT: BITI ON STATE OF PLAY IN ZIMBABWE

REF: A. HARARE 941
[1](#)B. HARARE 886
[1](#)C. HARARE 959

Classified By: Ambassador Charles A. Ray for reasons 1.4 (b) & (d).

[1](#)1. (U) This message includes an action request. See para 13.

SUMMARY

[1](#)2. (C) ZANU-PF is a party in disarray, according to Minister of Finance and MDC-T Secretary General Tendai Biti. As a consequence, Mugabe will find it more difficult to comply with the Global Political Agreement (GPA) and a window is opened for the military. The MDC recognizes the importance of security sector reform but does not yet have a plan for engaging with the military. GPA negotiations are deadlocked. The current South African team is a marked improvement on the former Mbeki team, but is naive and does not clearly understand ZANU-PF. If the MDC cannot make progress in resolving GPA issues, it will appeal to SADC to create a framework for elections.

[1](#)3. (C) The U.S. should adopt a more strategic and flexible policy toward Zimbabwe. The MDC is making progress and the U.S. should recognize this. Adjustment of sanctions and indirect budgetary support are suggested responses.

[1](#)4. (C) Revenues are up and should cover recurrent expenses. Biti hopes to avoid using special drawing rights for investment programs, but this would be made easier by donor commitments to fund infrastructure projects. Reserve Bank of Zimbabwe Governor Gideon Gono is increasingly unpopular within ZANU-PF. While his departure may not be imminent, he is more likely to go than Attorney General Johannes Tomana. END SUMMARY.

[1](#)5. (SBU) The Ambassador called on Biti on December 16 at the Ministry of Finance.

"I THINK WE'RE IN TROUBLE"

¶6. (C) The Ambassador initiated the meeting by asking Biti generally how he viewed the current situation. Biti responded by first addressing last week's ZANU-PF Congress, which he described as a "charade of mendacity." The party was unable to resolve the internal struggle over succession. Referring to the selection of John Nkomo as a party vice-president, Biti said, "An 86-year-old man swearing in a 75-year-old man is a disaster." Since there were no proper elections to senior party posts, "Lots of people in the provinces have huge axes to grind." Emmerson Mnangagwa, who was sidelined by the Congress, had more support within the party than Joice Mujuru. But Mujuru had more support than Mnangagwa nationally, and both were "unelectable" in a national presidential election. Newly elevated Party Chairman Simon Moyo "couldn't win an election in a bar."

¶7. (C) Far from celebrating the disarray within Mugabe's party, Biti said, "I think we're in trouble." While the leadership vacuum persists, it would be even more difficult for Mugabe to abide by the terms of last year's Global Political Agreement (GPA). Even worse, the political paralysis within ZANU-PF created conditions for "military opportunism." Biti said it was no accident that senior military figures were visible participants in the party congress.

No Plan for Security Sector Reform
QNo Plan for Security Sector Reform

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¶8. (C) Biti acknowledged the importance of security sector reform, particularly a plan to marginalize the securocrats. It was more important to deal with them, in his opinion, than with Mugabe. "We are negotiating with the wrong people," Biti said. Freedom from prosecution and financial security were essential if the top-level securocrats were to step down. He said some efforts had been made by MDC-T to speak with them, but he admitted MDC-T had no strategic plan for engagement. We asked whether, in light of the fact that MDC-T had no liberation war veterans to serve as interlocutors with the ZANU-PF generals, the South African negotiators could undertake this task. Biti demurred. The South Africans did not sufficiently understand the political-military dynamic in Zimbabwe. MDC-T would have to find a way of dealing directly with the securocrats.

DEADLOCK IN GPA TALKS

¶9. (C) Biti (one of the MDC-T negotiators) said negotiations between ZANU-PF and the MDC factions were deadlocked on key issues. Nearly two weeks after the December 5 deadline set by leaders of the Southern African Development Community (SADC), the parties had not found a way forward on Mugabe's unilateral appointments of the Attorney General and Reserve Bank of Zimbabwe Governor, Mugabe's refusal to make Roy Bennett a deputy minister, and appointment of MDC candidates as provincial governors. Each of these issues had been part of the SADC-brokered settlement that brought the MDC into Mugabe's government, but "Mugabe doesn't want to implement the agreement," Biti said. He added, "We need to bring these negotiations to an end as soon as possible. I'm tired."

¶10. (C) If the parties cannot resolve the deadlock through the current SADC Troika mediation led by South African President Jacob Zuma, Biti said the next step should be a SADC summit that creates a framework for new elections. SADC would need to make provisions for security and also explicitly address the prospect of an election leading to a transfer of power. With or without SADC, Biti added, the way forward must include "black and white" deadlines on

constitutional reform and preparations for elections. (NOTE: GPA principals Mugabe, Tsvangirai, and Mutambara are set to meet on December 21 in Harare to announce progress; Biti thought the only item resolved by then would be the membership of commissions. END NOTE.)

¶11. (C) Biti said the team of facilitators Zuma sent to the negotiations was "a breath of fresh air." The new South African team was a big improvement over Thabo Mbeki's representatives, whom Biti described as "conniving little idiots" who were frequently spotted having private discussions with ZANU-PF officials and MDC-M negotiator Welshman Ncube. The new team was "forthright," Biti said, but "they still have a lot of naivete, especially Lindiwe Zulu" (Zuma's international relations advisor), and do not clearly understand ZANU-PF and how to deal with it.

"WAIT AND SEE" SANCTIONS WON'T WORK

¶12. (C) As in previous meetings, Biti said he hoped the USG Q12. (C) As in previous meetings, Biti said he hoped the USG could adjust elements of its sanctions regime for Zimbabwe. Restoration of voting rights at the International Monetary Fund would be a positive step. Biti also argued that some state-owned enterprises should no longer be listed as specially designated nationals (SDNs) prohibited from doing business with the U.S. Biti specifically mentioned ZB Bank and Agribank as clear cases for de-listing. Other entities worthy of consideration were Zisco, Zimre Holdings, Scotfin, Industrial Development Corporation, and Intermarket Holdings. Biti said he would supply us with the rationale for delisting, looking at the control of these entities, who has beneficial interests, and their impact on the economy. He would also furnish names of any other entities he thought

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should be delisted.

¶13. (C) ACTION REQUEST: Post recognizes OFAC has classified information on the entities listed above which cannot be shared with Biti. Nevertheless, we would appreciate receiving this information so that we can better understand the rationale for their listing and we can develop information that would be useful in deciding whether, at an appropriate time, they should be considered for delisting. END ACTION REQUEST.

¶14. (C) Biti said the U.S. should adopt a more strategic and realistic (read flexible) approach toward Zimbabwe. Views in Washington were driven by headlines that perpetuated the image of a vile dictatorship. "We are chipping away at the dictatorship, but that doesn't get headlines." Despite the deadlock over outstanding GPA issues, Biti continued, there had been "sufficient" progress with ZANU-PF to warrant a response from the USG. Biti said the U.S. should use sanctions strategically to recognize the progress that had been made. Additionally, the U.S. should provide indirect budget support by looking at areas where assistance could be provided without directing funds through the government.

REVENUE UP, GONO MIGHT BE OUT

¶15. (C) Biti said the latest revenue figures showed receipts in October had reached US\$132 million, well above the US\$90-million plateau for monthly revenue in the middle of the year. He thought it was likely that by March monthly receipts would reach US\$150 million. While this level of revenue would take Biti beyond the annual target in his 2010 budget (Ref A), he had already given thought to where there would be cuts in the event of a shortfall: revenue would certainly cover recurrent expenditures, including wages, but some parts of the investment program might have to be

postponed. Biti said that even though his budget speech identified Zimbabwe's balance of special drawing rights at the International Monetary Fund as a source of financing, he still hoped to avoid using it. This would be easier to do, he added, if donors could make commitments to fund infrastructure projects.

¶16. (C) Biti sounded pessimistic on prospects for early passage of a central bank reform law that is now with the Senate. Reserve Bank Governor Gideon Gono had "bought most of the Senate," so further action on the legislation might take time. But Biti said Gono was increasingly out of favor with ZANU-PF. His departure from the bank might not be imminent, but Gono was more likely to go than Attorney General Johannes Tomana. Biti said he had been disappointed by the relaxed attitude bankers had taken on Gono's misappropriation of banks' reserves (Ref B), which he termed "theft" comparable to a lawyer stealing from a trust fund. Given what Biti considered egregious conduct, we asked why he had not made more of it. He replied he had raised it with the principals but had received no response. He speculated that Tsvangirai might be disinterested because of his relationship with Gono -- they are both Karanga from the same rural area.

COMMENT

¶17. (C) As usual, Biti was impressive in his exposition of Q17. (C) As usual, Biti was impressive in his exposition of current political and economic dynamics. While Tsvangirai may be the most popular politician in Zimbabwe and the spiritual head of the MDC-T, Biti is head and shoulders above anyone else in the party in his analysis and strategic view. But he has more than a full-time job as Minister of Finance and has insufficient time to devote to his other job as MDC-T Secretary General.

¶18. (C) In this regard, it continues to be obvious that the

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MDC lacks strategic vision. With "disengagement" from ZANU-PF in November, MDC-T played its only trump card and it has no Plan B if ZANU-PF refuses to make concessions on the GPA. Biti suggests a SADC Summit to plan for elections, but SADC cannot impose elections, and elections will not take place before 2013 (provided for in the current constitution) unless Mugabe agrees. END COMMENT.

RAY